

Order of Chief of Administration of SMA Saxony-Anhalt

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Investigation of the Industrie-Werke and their subordinate enterprises has revealed violations of the orders of the Supreme Chief of the SMA in Germany relative to the transfer of sequestered enterprises. Thus, instead of former AGs being turned over 100% to public ownership, their former owners have been permitted to regain partial possession. Forty-two enterprises were assigned to the Industrie-Werke which had not yet been released by SMA to the provincial government and likewise twenty-five enterprises in which foreign capital is invested. The provincial government has shown little supervision or control of the economic and financial activities of the Industrie-Werke and subordinate enterprises.

The economic activity of the Industrie-Werke enterprises has not been based on proper accounting methods. No accounting system has been established in the various divisions of the Industrie-Werke. The directors and the management have not been successful in reducing costs, increasing productivity, or putting the enterprises on a profitable basis. As a result, 101 enterprises show a loss of two million marks in the first quarter of 1947. The production plan for Industrie-Werke enterprises for the first quarter 1947 was only 70% achieved.

Selection and assignment of directors has been haphazard. They have never been checked and often former owners are now seen as directors in their old enterprises.

The ministry of economy and labor pays little attention to the question of servicing the employees and getting results from them. Supply of work clothes, shoes, living quarters, and transportation has often been worse than in private enterprises. Consequently labor discipline has decreased, absenteeism and fluctuation of employees have increased.

To eliminate the shortcomings in the direction of the Industrie-Werke which are public property and to achieve a basic improvement in these enterprises, I order the Minister President of Saxony-Anhalt, Dr. Hübener, to

1. Annul the mistaken decision re restoration of the rights of former owners in the state-owned enterprises, and in line with the order of the Supreme Chief of the SMA in Germany transfer these enterprises 100% to public ownership.
2. Withdraw from the supervision of the Industrie-Werke those enterprises which are still under SMA sequester as well as those which belong to foreigners.
3. Withdraw from the Industrie-Werke those enterprises which are of importance for only one Kreis and transfer them to the government of the respective city or Kreis.
4. Form groups in the economic departments of the Kreise and cities to control the economic and financial activity of the enterprises assigned in accordance with 3.

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5. Instruct the ministry of economy and transportation to strengthen the directorate of the Industrie-Werke and the supervision of the activities of the Industrie-Werke and subordinate enterprises.
6. Investigate the leading employees of the Industrie-Werke and remove former owners. Directors of enterprises which are public property are to be named by the administration of the Industrie-Werke. Directors and former owners removed are to be expelled from factory homes and settled in municipal homes.
7. The administration of the Industrie-Werke is to be put on an accounting system based on profitability.
8. A department is to be established in the ministry of finance within the limits of its budget with qualified workers to insure the transfer of profits from industrial and other properties belonging to the province, cities or Kreise to the treasury and to insure financial supervision of their activity by the ministry of finance.
9. Transfer to the Industrie-Werke complete control of planning for its enterprises and of supply of materials. Planning is to be undertaken on the basis of control numbers set up by the ministry of economy and transportation for the Industrie-Werke.
10. Instruct the ministry of economy and transportation to improve the servicing of employees of the Industrie-Werke with consumers' goods and to improve their labor efficiency. Funds are to be allotted regularly for work clothes and shoes for the employees of the Industrie-Werke and their ration certificates are to be honored before those of private industry.

(signed)

Chief of Administration of S.A. in  
Saxony-Anhalt  
General Shlyakhtenko

Chief of Staff of Administration of  
Saxony-Anhalt  
Colonel Itashkov

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